

Bonanza to Lease Three More DC-9s

Los Angeles—Bonanza Air Lines has increased its order for twin-jet Douglas DC-9 short-haul transports from three to six by exercising options for three additional aircraft.

The additional DC-9s—including one Model 10 and two stretched Model 30s—actually will be bought by a trust fund formed by three banks, and leased to Bonanza under a 13-year contract.

A major factor in the decision to lease rather than purchase the aircraft

outright was that the 7% investment tax credit granted for purchase of new equipment could not be utilized immediately by the airline, an official said. This is because aircraft already delivered or previously on order constitute all of the tax credit that the local-service carrier would be permitted until 1968. The bank trust can use the credit, with resulting savings on interest payments for Bonanza.

The leasing arrangements call for the equivalent of 4% interest, compared with 5½% to 5¾% that the company would have to pay on term bank loans, for the same period. With

the purchase loan, Bonanza would have ownership of the aircraft at the end of the payment period. Bonanza will have the right to acquire the three DC-9s at the end of the leasing period, but lease payments will not count toward the purchase price.

The new order calls for delivery of the Series 10 aircraft in March, 1967, with the same 72-seat configuration as the first three DC-9s ordered. The fifth and sixth transports will be Series 30 models, with a 97-passenger configuration.

Two of the first three DC-9s have been delivered and are scheduled to begin service Mar. 1. The third will be received in May. As of Mar. 1, the Bonanza fleet will consist of two DC-9s and 12 Fairchild F-27s.

European Teams Push Airbus Projects

Two airbus proposals were being formulated last week on the eve of Anglo-French